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PSYCHOLOGIST PLEADS GUILTY TO MEDICARE FRAUD

JAMES B. COMEY, the United States Attorney for the Southern District of New York, and PASQUALE D'AMURO, the Assistant Director in Charge of the New York Office of the FBI, announced today that Dr. RONALD KATZ, a Massachusetts-licensed psychologist, pled guilty today before United States District Judge GERALD E. LYNCH in Manhattan federal court to a felony charge of defrauding the Medicare program by filing false claims for services he did not perform, or that were otherwise not covered by Medicare, and by misrepresenting that he was licensed to practice psychology in New York State.

According to the Indictment, between 1998 and 2002, KATZ practiced psychotherapy at an office located in Manhattan, New York, New York, where he consulted with numerous Medicare-covered patients for, among other things, depression, anxiety and other stress related disorders. During the period from 1998 through 2002, KATZ fraudulently billed the Medicare program for

therapy sessions provided to Medicare-eligible patients at his Manhattan office. When billing Medicare for those services, according to the Indictment, KATZ falsely represented on claims forms he submitted to Medicare that he was a licensed psychologist in the state in which he was practicing -- i.e., New York. In truth, according to the Indictment, KATZ was never licensed to practice psychology in New York State.

According to the Indictment, KATZ applied in 1992 to the New York State Department of Education for a license to practice clinical psychology in New York, but that application was denied in 1993, because KATZ had never completed a doctoral program in psychology, as required by State law. In January 1995, after KATZ renewed his request for a license, the Education Department again denied him a license, informing KATZ that he failed to meet New York State's educational, experience and examination requirements.

As the Indictment states, Medicare is a federal health insurance program that provides medical benefits to persons 65 or older and certain persons with disabilities. Federal regulations define a "clinical psychologist" as someone with a doctorate degree in psychology who has been licensed by the state in which he or she practices clinical psychology. Medicare requires clinical psychologists to be licensed by the state in which they render the services for which they seek payment.

According to the Indictment, KATZ's claims to Medicare for reimbursement were false and fraudulent because: (1) KATZ falsely represented that he was licensed to practice psychology in New York State, when he was not, and was therefore not entitled to bill Medicare for therapy he performed in New York State, (2) KATZ billed Medicare for therapy sessions he claimed were 75 to 80 minutes in length, when the therapy sessions were in fact substantially shorter, if they occurred at all, and (3) KATZ billed Medicare for "face to face" consultations for therapy sessions he conducted only by telephone.

During the guilty plea allocution, KATZ admitted that he had intentionally lied to Medicare when he claimed he was properly licensed and entitled to receive the reimbursement for the services he provided in New York. He also admitted that bills intentionally exaggerating the length of his therapy sessions were submitted to Medicare with his knowledge. KATZ also acknowledged that he had caused a total loss of approximately \$398,000 to his victims, which are listed in the Indictment as Empire Blue Cross and Blue Shield, Aetna Insurance Company, Guardian Life Insurance Company, United Health Care Group, and Oxford Insurance Company.

KATZ is scheduled to be sentenced on January 6, 2004, by Judge LYNCH.

KATZ faces a maximum sentence of 10 years in prison,

and a fine of \$250,000 or twice the gross gain or gross loss from the offense. In a written agreement with the Government, KATZ agreed to pay restitution in the amount of \$398,000, and to surrender his Massachusetts license to practice psychology.

KATZ, 60, lives in Manhattan.

Mr. COMEY praised the investigative efforts of the FBI and the United States Department of Health and Human Services.

Assistant United States Attorneys MIRIAM H. BAER and DAVID M. SIEGAL are in charge of the prosecution.

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